

**Name of Project:** City Boiler Replacement Project (the “City Hall Boiler Project”)

**Name of Urban Renewal Area:** Consolidated Muscatine Urban Renewal Area

**Year of Consolidation of Urban Renewal Area:** 2011

**Date of Council Approval of Project:** November 15, 2012

**Description of Project and Project Site:** The City will pay for the installation of a new boiler at the City Hall situated at 215 Sycamore in the Area. The boiler is an integral part of the City Hall HVAC System, and failure to replace it could result in the loss of functionality of the entire building.

**Description of Properties to be acquired in Connection with Project:** It is not anticipated that the City will acquire any real property in connection with the City Hall Boiler Project.

**Description of Use of TIF:** The City intends to pay costs of the City Hall Boiler Project in the amount of \$45,000. It is anticipated that the City will pay for the City Hall HVAC System Installation Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues from the Area.

**Analysis of Use of TIF:** In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the City Hall Boiler Project and alternative development and funding options for the City Hall Boiler Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The administrative services provided by the City at City Hall including licensing, permitting, land use regulation, economic development and policy governance are vital to the functionality and continued growth of businesses in the Area. If a new boiler is not installed at City Hall, the City will not be able to provide these services which have been deemed to be vital to the economic development of the Area. The costs of moving to a new building in comparison to installing a new boiler are prohibitive.

B) Alternate Financing Options:

\* Local Option Sales and Services Tax Revenues: The Local Option Sales and Services Tax Revenues are authorized to be used exclusively by the City for sewer improvement projects and pavement maintenance programs.

\* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in funding the City Hall Boiler Project without risking unsound fiscal practice.

\* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

\* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the City Hall Boiler Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the City Hall Boiler Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on

individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives in the Area.

\* Utility Surpluses: The City does not have identified surpluses in its sewer utility fund that could aid in the funding of the Project.

\* Grant Funding: The city received a grant of \$21,500 which funded a portion of this project.